

**MAPLETON CITY, UTAH
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2006**

MAPLETON CITY
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MAPLETON CITY

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INDEPENDENT AUDITOR'S REPORT

August 22, 2006

**Honorable Mayor
Members of the City Council
Mapleton City, Utah**

Council Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mapleton City, Utah (City) as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the general fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 22, 2006 on my consideration of Mapleton City, Utah's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United State of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mapleton City's basic financial statements. The combining nonmajor fund statements and the schedule of impact fees described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of impact fees has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on it.

 CPA
Greg Ogden,
Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This financial summary offers readers of Mapleton City's financial statements a narrative overview and analysis of the financial activities of Mapleton City for the fiscal year ended June 30, 2006. Readers are encouraged to consider the information presented here in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The total net assets of Mapleton City increased \$4,946,361 to \$33,249,321. The governmental net assets increased by \$2,505,846 and the business-type net assets increased by \$2,440,515.
- The total net assets of \$33,249,321 are made up of \$22,476,534 in capital assets net of related debt and restricted net assets of \$4,631,056 for capital projects, and \$1,737,858 for debt service and \$4,403,873 of unrestricted net assets.
- The General Fund (the primary operating fund) had a increase in its fund balance of \$448,753 and capital improvements had a decrease of \$512,275.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to Mapleton City's basic financial statements. Mapleton City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of Mapleton City's finances, in a manner similar to a private-sector business.

- *The statement of net assets* presents information on all of Mapleton City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Mapleton City is improving or deteriorating. However, you will also need to consider other nonfinancial factors.
- *The statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Mapleton City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 11-13 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Mapleton City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds** - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Capital Projects Fund.

- **Proprietary funds** - Mapleton City maintains one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Mapleton City uses enterprise funds to account for its Water Utility, Sewer Utility, Solid Waste Collection, and Pressurized Irrigation. As determined by generally accepted accounting principles, the Water and Sewer funds meet the criteria for major fund classification. The remaining funds are presented as nonmajor enterprise funds in the supplementary information section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Mapleton City, assets exceed liabilities by \$33,249,321.

By far the largest portion of Mapleton City's net assets reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

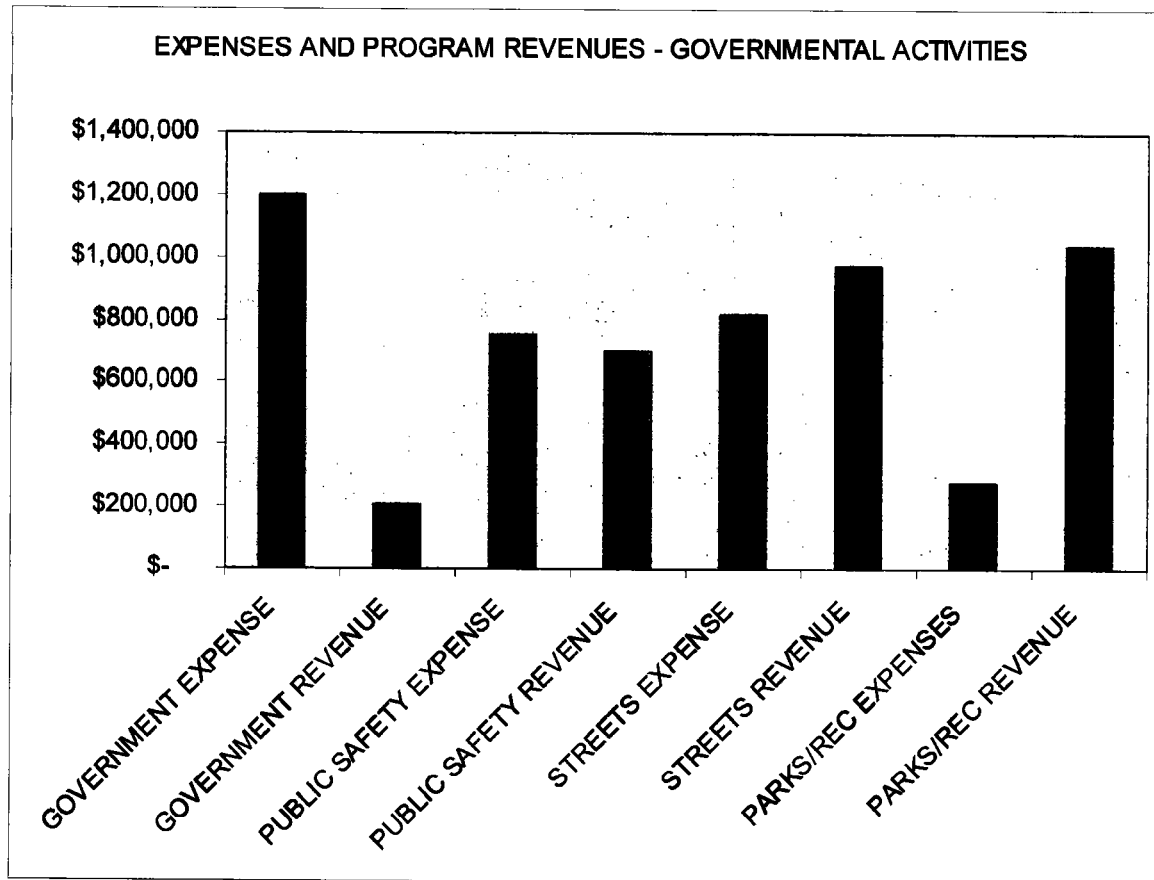
STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Current Assets	\$ 2,447,876	\$ 1,486,325	\$ 2,660,125	\$ 3,017,905
Non-Current Assets	<u>16,235,198</u>	<u>19,550,617</u>	<u>16,727,648</u>	<u>18,210,644</u>
Total Assets	<u>18,683,074</u>	<u>21,036,942</u>	<u>19,387,773</u>	<u>21,228,549</u>
Current Liabilities	819,193	709,096	100,188	115,619
Non-Current Liabilities	<u>904,924</u>	<u>863,043</u>	<u>7,943,582</u>	<u>7,328,412</u>
Total Liabilities	<u>1,724,117</u>	<u>1,572,139</u>	<u>8,043,770</u>	<u>7,444,031</u>
Net Assets				
Invested in Capital Assets				
Net of Debt	12,436,133	14,907,476	6,294,555	7,569,058
Restricted	<u>2,412,848</u>	<u>3,283,469</u>	<u>2,335,109</u>	<u>3,085,445</u>
Unrestricted	<u>2,109,976</u>	<u>1,273,858</u>	<u>2,714,339</u>	<u>3,130,015</u>
Total Net Assets	<u>\$16,958,957</u>	<u>\$19,464,803</u>	<u>\$11,344,003</u>	<u>\$13,784,518</u>

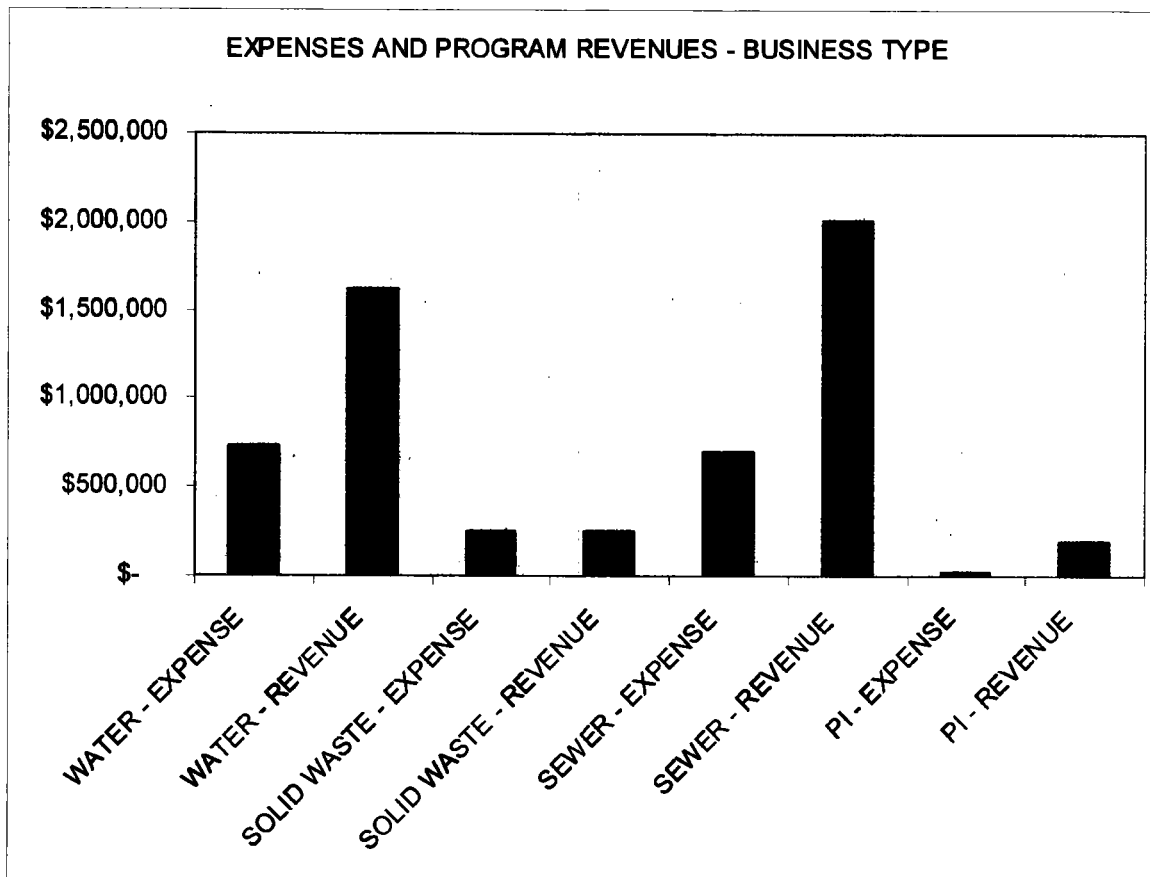
CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Revenues				
Program Revenues:				
Charges for Services	\$ 777,979	\$ 795,623	\$1,978,037	\$ 2,328,302
Operating Grants and Contributions	<u>4,566</u>	<u>63,446</u>	<u>0</u>	<u>0</u>
Capital Grants and Contributions	<u>2,302,632</u>	<u>2,064,262</u>	<u>2,564,658</u>	<u>1,740,501</u>
General Revenues:				
Property Taxes	729,108	870,174	0	0
Sales and Use Taxes	537,401	603,813	0	0
Other Taxes	442,824	510,272	0	0
Other Revenues	107,666	208,597	61,588	76,071
Sale of Property	<u>0</u>	<u>496,370</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>4,902,176</u>	<u>5,612,557</u>	<u>4,604,283</u>	<u>4,144,874</u>
Expenses				
General Government	818,976	1,200,605	0	0
Public Safety	741,694	751,924	0	0
Streets	768,175	818,372	0	0
Parks & Recreation	240,272	278,350	0	0
Interest on Long-Term Debt	27,744	57,460	0	0
Water	0	0	746,020	729,246
Solid Waste	0	0	248,550	250,729
Sewer	0	0	606,296	701,830
Pressurized Irrigation	<u>0</u>	<u>0</u>	<u>42,096</u>	<u>22,554</u>
Total Expenses	<u>2,596,861</u>	<u>3,106,711</u>	<u>1,642,962</u>	<u>1,704,359</u>
Change in Net Assets	2,305,315	2,505,846	2,961,321	2,440,515
Net Assets - Beginning	<u>14,653,642</u>	<u>16,958,957</u>	<u>8,382,682</u>	<u>11,344,003</u>
Net Assets - Ending	<u>\$16,958,957</u>	<u>\$19,464,803</u>	<u>\$11,344,003</u>	<u>\$13,784,518</u>

The following graph displays the government-wide activities for governmental activities reflected in the above tables. Program revenues included in the first graph are fees charged for specific services performed by the various governmental functions. General revenues such as property taxes, sales and uses taxes, etc. are not included.



As can be seen from the following chart, the majority of revenues in the business-type activities are from sewer and water services.



FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. As of June 30, 2006, the City's governmental funds (General and Capital Projects) reported combined fund equity of \$3,785,046. This represents a decrease of \$63,522 from last year's ending balances. The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund. As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund original budget was amended from an original budget expenditure total of \$2,466,327 to a final budget of \$2,937,929, due to litigation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - Mapleton City's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$30,675,231 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, bridges, etc.), and machinery and equipment. The total increase in the City's investment in fixed assets for the current year was \$3,689,502 (a \$2,993,093 for governmental activities and a \$696,409 increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- New Community Center Complete, \$1,388,364
- Public Safety Vehicles, \$49,700
- Police Facility Complete, \$194,543
- Road and Sidewalk improvements, \$237,564
- Eagle Rock Park, \$237,284
- Water Vehicle Purchase, \$15,382
- Street Sweeper, \$67,480

MAPLETON CITY'S CAPITAL ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Land	\$ 1,909,217	\$ 1,929,851	\$ 124,381	\$ 124,381
Water Shares	0	0	31,680	31,680
Buildings	408,815	2,773,655	4,553	4,553
System Improvements	12,636,038	13,746,452	18,473,183	19,796,622
Machinery & Equipment	848,243	1,061,880	756,329	797,512
Construction in Progress	578,193	1,760	68,820	0
Less Accumulated				
Depreciation	<u>(3,051,629)</u>	<u>(3,769,821)</u>	<u>(5,155,081)</u>	<u>(5,823,294)</u>
Net Capital Assets	<u>\$13,328,877</u>	<u>\$15,743,777</u>	<u>\$14,303,865</u>	<u>\$14,931,454</u>

Long-term debt - At June 30, 2006, the City had total debt outstanding of \$6,683,970. Of this amount, \$104,153 is considered to be general obligation debt and is backed by the full faith and credit of the City. These general obligation bonds were issued specifically for water development projects and this enterprise fund will provide all funding for the bonds' repayment. \$6,649,080 is debt secured solely by specific revenue sources. The remainder is notes payable of \$1,378,309 and compensated absences of \$59,913.

MAPLETON CITY'S OUTSTANDING DEBT

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
General Obligation Bonds				
1988 Water	\$ 0	\$ 0	\$ 128,504	\$ 104,153
Refunding Bonds				
1997 Sewer	0	0	1,972,000	1,801,000
Revenue Bonds				
1995 Sewer	0	0	4,193,080	3,839,080
2004 Sewer	0	0	1,055,000	1,009,000
Notes Payable				
1999 Ira Allen Land Purchase	0	0	0	0
1982 GMAC Water	0	0	586,338	559,338
2003 Land Purchase	0	10,000		
2005 Community Center Loan	865,000	808,971	0	0
Compensated Absences	<u>39,924</u>	<u>44,072</u>	<u>8,660</u>	<u>15,841</u>
Total	<u>\$ 904,924</u>	<u>\$ 863,043</u>	<u>\$7,943,582</u>	<u>\$7,328,412</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$11,742,829 which is significantly in excess of the City's outstanding general obligation debt. In addition, State statute allows for an additional 4% to be used for water or sewer projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water and sewer projects is thus \$23,485,658 which again significantly exceeds the outstanding business-type activity debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The General Fund budget for the fiscal year-ending June 30, 2007 reflects a increase of 1% over the final budget for the fiscal year-ended June 30, 2006.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Mapleton City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Finance Controller, Mapleton City, 35 East Maple Street, Mapleton, UT 84664.

BASIC FINANCIAL STATEMENTS

MAPLETON CITY
STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 530,945	\$ 2,780,250	\$ 3,311,195
Accounts Receivable	950,215	233,009	1,183,224
Prepaid Expenses	-	4,646	4,646
Fuel Inventory	5,165	-	5,165
TOTAL CURRENT ASSETS	<u>1,486,325</u>	<u>3,017,905</u>	<u>4,504,230</u>
NONCURRENT ASSETS			
Restricted Assets			
Cash and Cash Equivalents	3,806,840	3,005,970	6,812,810
Capital Assets			
Non Depreciable	1,931,611	156,061	2,087,672
Depreciable Assets (net of Depreciation)	13,812,166	14,775,393	28,587,559
Investment in Joint Venture	-	273,220	273,220
TOTAL NONCURRENT ASSETS	<u>19,550,617</u>	<u>18,210,644</u>	<u>37,761,261</u>
TOTAL ASSETS	<u>21,036,942</u>	<u>21,228,549</u>	<u>42,265,491</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	202,630	115,619	318,249
Deferred Income	27,713	-	27,713
Developer Completion Bonds Payable	478,753	-	478,753
TOTAL CURRENT LIABILITIES	<u>709,096</u>	<u>115,619</u>	<u>824,715</u>
NONCURRENT LIABILITIES			
Due Within One Year	117,181	644,442	761,623
Due in more than One Year	745,862	6,683,970	7,429,832
TOTAL NONCURRENT LIABILITIES	<u>863,043</u>	<u>7,328,412</u>	<u>8,191,455</u>
TOTAL LIABILITIES	<u>1,572,139</u>	<u>7,444,031</u>	<u>9,016,170</u>
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	14,907,476	7,569,058	22,476,534
Restricted for			
Capital Projects	3,239,964	1,391,092	4,631,056
Debt Service	43,505	1,694,353	1,737,858
Unrestricted	1,273,858	3,130,015	4,403,873
TOTAL NET ASSETS	<u>\$ 19,464,803</u>	<u>\$ 13,784,518</u>	<u>\$ 33,249,321</u>

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

		Program Revenues		
			Operating	Capital
	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions
<u>FUNCTIONS/PROGRAMS</u>				
Governmental Activities				
General Government	\$ 1,200,605	\$ 203,093	\$ -	\$ 6,650
Public Safety	751,924	407,868	56,160	237,101
Streets	818,372	102,476	-	869,985
Parks and Recreation	278,350	82,186	7,286	950,526
Interest on Long-Term Debt	57,460	-	-	-
Total Governmental Activities	3,106,711	795,623	63,446	2,064,262
Business-type Activities				
Water	729,246	1,021,709	-	601,445
Solid Waste	250,729	248,915	-	2,928
Sewer	701,830	957,903	-	1,045,849
Pressurized Irrigation	22,554	99,775	-	90,279
Total Business-type Activities	1,704,359	2,328,302	-	1,740,501
TOTAL PRIMARY GOVERNMENT	\$ 4,811,070	\$ 3,123,925	\$ 63,446	\$ 3,804,763

General Revenues
Property Taxes
Vehicle Taxes
Sales Taxes
Franchise Taxes
Unrestricted Investment Earnings
Miscellaneous
Special Item
Sale of Property
Total General Revenues and Transfers
Change in Net Assets
Net Assets - Beginning
Net Assets - Ending

See the accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets**Primary Government**

Governmental Activities	Business-type Activities	Total
\$ (990,862)	\$ -	\$ (990,862)
(50,795)	-	(50,795)
154,089	-	154,089
761,648	-	761,648
<u>(57,460)</u>	<u>-</u>	<u>(57,460)</u>
<u>(183,380)</u>	<u>-</u>	<u>(183,380)</u>
-	893,908	893,908
-	1,114	1,114
-	1,301,922	1,301,922
<u>-</u>	<u>167,500</u>	<u>167,500</u>
<u>-</u>	<u>2,364,444</u>	<u>2,364,444</u>
<u>(183,380)</u>	<u>2,364,444</u>	<u>2,181,064</u>
870,174	-	870,174
110,666	-	110,666
603,813	-	603,813
399,606	-	399,606
172,115	76,071	248,186
36,482	-	36,482
<u>496,370</u>	<u>-</u>	<u>496,370</u>
<u>2,689,226</u>	<u>76,071</u>	<u>2,765,297</u>
2,505,846	2,440,515	4,946,361
<u>16,958,957</u>	<u>11,344,003</u>	<u>28,302,960</u>
<u>\$ 19,464,803</u>	<u>\$ 13,784,518</u>	<u>\$ 33,249,321</u>

MAPLETON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>Governmental-type Activities</u>		<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 530,945	\$ -	\$ 530,945
Property Taxes Receivable	798,321	-	798,321
Special Assessments Receivable	27,713	-	27,713
Other Receivables	124,181	-	124,181
Restricted Cash	1,195,587	2,611,253	3,806,840
Fuel Inventory	5,165	-	5,165
TOTAL ASSETS	\$ 2,681,912	\$ 2,611,253	\$ 5,293,165
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 178,065	\$ 7,235	\$ 185,300
Compensated Absences	36,157	-	36,157
Deferred Revenue	807,909	-	807,909
Developer Completion Bonds Payable	478,753	-	478,753
TOTAL LIABILITIES	1,500,884	7,235	1,508,119
<u>FUND BALANCE</u>			
Reserved			
Impact Fees	-	1,420,295	1,420,295
Class C Roads	552,205	-	552,205
Street Lighting	83,741	-	83,741
Unreserved	545,082	1,183,723	1,728,805
TOTAL FUND EQUITY	1,181,028	2,604,018	3,785,046
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,681,912	\$ 2,611,253	\$ 5,293,165

See the accompanying notes to the financial statements

MAPLETON CITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2006

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 3,785,046
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*Amounts reported for governmental activities in the statement of
net assets are different because*

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds	15,743,777
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	780,196
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(844,216)</u>
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TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 19,464,803</u>
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See the accompanying notes to the financial statements

MAPLETON CITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2006

	<u>Governmental-type Activities</u>		<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>
<u>REVENUES</u>			
Taxes	\$ 1,887,198	\$ -	\$ 1,887,198
Licenses and Permits	369,064	-	369,064
Intergovernmental	321,959	-	321,959
Charges for Services	384,848	-	384,848
Fines and Forfeitures	88,489	-	88,489
Interest	160,710	11,405	172,115
Miscellaneous	<u>36,476</u>	<u>6</u>	<u>36,482</u>
TOTAL REVENUES	<u>3,248,744</u>	<u>11,411</u>	<u>3,260,155</u>
<u>EXPENDITURES</u>			
General Government	1,197,116	-	1,197,116
Public Safety	821,666	-	821,666
Streets	514,857	-	514,857
Parks and Recreation	262,722	125	262,847
Debt Service	-	113,903	113,903
Capital Outlay	<u>-</u>	<u>2,049,869</u>	<u>2,049,869</u>
TOTAL EXPENDITURES	<u>2,796,361</u>	<u>2,163,897</u>	<u>4,960,258</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>452,383</u>	<u>(2,152,486)</u>	<u>(1,700,103)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from Sale of Land	496,370	-	496,370
Impact Fees	-	1,140,211	1,140,211
Transfers from Other Fund	-	500,000	500,000
Transfers to Other Fund	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
NET OTHER FINANCING SOURCES (USES)	<u>(3,630)</u>	<u>1,640,211</u>	<u>1,636,581</u>
NET CHANGE IN FUND BALANCE	448,753	(512,275)	(63,522)
BEGINNING FUND BALANCE	<u>732,275</u>	<u>3,116,293</u>	<u>3,848,568</u>
ENDING FUND BALANCE	<u>\$ 1,181,028</u>	<u>\$ 2,604,018</u>	<u>\$ 3,785,046</u>

See the accompanying notes to the financial statements

MAPLETON CITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2006

DEFICIT OF REVENUES AND OTHER FINANCING SOURCES OVER
EXPENDITURES AND USES - TOTAL GOVERNMENTAL FUNDS \$ (63,522)

*Amounts reported for governmental activities in the statement of activities
are different because*

Property taxes will not be collected for several months after the City's
fiscal year end. They are not considered to be available revenues in the
governmental funds. Deferred property tax revenues increased by this
amount this year. 97,061

Governmental funds report capital outlays as expenditures. In the statement
of activities the cost of those assets is allocated over their estimated useful
lives as depreciation expense. This is the amount by which capital outlays
exceeded depreciation in the current period. 2,414,900

Issuance of long-term debt provides current financial resources to
governmental funds. The repayment of the principal of long-term debt
consumes the current financial resources of governmental funds. This
amount is the net difference in the treatment of long-term debt and
related items. 46,029

Some revenues and expenses reported in the statement of activities do not
add to or required the use of current financial resources and, therefore, are
not reported as revenues or expenditures in the governmental funds. 11,378

CHANGE IN NET ASSETS OF GOVERNMENTAL FUNDS \$ 2,505,846

See the accompanying notes to the financial statements

MAPLETON CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u>
<u>REVENUES</u>				
Taxes	\$ 1,545,000	\$ 1,573,595	\$ 1,887,198	\$ 313,603
Licenses and Permits	481,200	486,142	369,064	(117,078)
Intergovernmental	286,472	297,137	268,893	(28,244)
Charges for Services	156,286	296,645	437,914	141,269
Fines and Forfeitures	120,000	120,000	88,489	(31,511)
Interest	45,000	94,145	160,710	66,565
Miscellaneous	1,000	74,916	36,476	(38,440)
 TOTAL REVENUES	 <u>2,634,958</u>	 <u>2,942,580</u>	 <u>3,248,744</u>	 <u>306,164</u>
 <u>EXPENDITURES</u>				
General Government	907,215	1,222,964	1,197,116	25,848
Public Safety	739,147	846,213	821,666	24,547
Streets	547,919	586,699	514,857	71,842
Parks and Recreation	272,046	282,053	262,722	19,331
 TOTAL EXPENDITURES	 <u>2,466,327</u>	 <u>2,937,929</u>	 <u>2,796,361</u>	 <u>141,568</u>
 EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES				
	168,631	4,651	452,383	447,732
 <u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Land	-	-	496,370	(496,370)
Transfers to Other Funds	-	489,300	(500,000)	(989,300)
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES				
	168,631	493,951	448,753	(45,198)
 FUND BALANCE ALLOCATION	 <u>(168,631)</u>	 <u>(493,951)</u>	 <u>-</u>	 <u>493,951</u>
 EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS				
	\$ -	\$ -	\$ 448,753	\$ 448,753

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 2,088,809	\$ 173,095	\$ 518,346	2,780,250
Accounts Receivable, Net of Allowance for Uncollectibles	130,953	78,849	23,207	233,009
Prepaid Expenses	4,646	-	-	4,646
TOTAL CURRENT ASSETS	2,224,408	251,944	541,553	3,017,905
NONCURRENT ASSETS				
Restricted Assets				
Cash and Cash Equivalents	607,986	2,397,984	-	3,005,970
Capital Assets				
Land	124,381	-	-	124,381
Water Shares	31,680	-	-	31,680
Buildings and Structures	4,553	-	-	4,553
Improvements	5,952,278	13,188,431	655,913	19,796,622
Machinery, Equipment and Vehicles	685,314	112,198	-	797,512
Less Accumulated Depreciation	(3,013,891)	(2,743,436)	(65,967)	(5,823,294)
Investment in Joint Venture	-	-	273,220	273,220
TOTAL NONCURRENT ASSETS	4,392,301	12,955,177	863,166	18,210,644
TOTAL ASSETS	6,616,709	13,207,121	1,404,719	21,228,549
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	36,535	11,061	18,198	65,794
Accrued Interest Payable	41,417	8,408	-	49,825
Compensated Absences	10,508	4,576	757	15,841
Current Portion of Long-Term Debt	56,601	572,000	-	628,601
TOTAL CURRENT LIABILITIES	145,061	596,045	18,955	760,061
NONCURRENT LIABILITIES				
Notes Payable	531,663	-	-	531,663
Bonds Payable	75,227	6,077,080	-	6,152,307
TOTAL NONCURRENT LIABILITIES	606,890	6,077,080	-	6,683,970
TOTAL LIABILITIES	751,951	6,673,125	18,955	7,444,031
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	3,079,407	3,899,705	589,946	7,569,058
Restricted				
Bond Requirements	312,175	1,382,178	-	1,694,353
Water Shares	79,475	-	-	79,475
Impact Fees	295,811	1,015,806	-	1,311,617
Unrestricted	2,097,890	236,307	795,818	3,130,015
TOTAL NET ASSETS	\$ 5,864,758	\$ 6,533,996	\$ 1,385,764	\$ 13,784,518

See the accompanying notes to the financial statements

MAPLETON CITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds
OPERATING REVENUES				
Charges for Services	\$ 830,431	\$ 822,859	\$ 341,469	\$ 1,994,759
Connection Fees	164,936	135,044	7,221	307,201
Miscellaneous	26,342	-	-	26,342
TOTAL OPERATING REVENUES	1,021,709	957,903	348,690	2,328,302
OPERATING EXPENSES				
Salaries and Benefits	224,030	124,308	34,624	382,962
Operation and Maintenance	281,143	106,471	216,105	603,719
Depreciation	195,326	450,334	22,554	668,214
TOTAL OPERATING EXPENSES	700,499	681,113	273,283	1,654,895
OPERATING INCOME	321,210	276,790	75,407	673,407
NON-OPERATING REVENUES (EXPENSES)				
Increase in Joint Venture Equity	-	-	2,928	2,928
Impact Fees	196,642	547,196	-	743,838
Interest Income	26,569	49,502	-	76,071
Interest Expense	(28,747)	(20,717)	-	(49,464)
TOTAL NON-OPERATING REVENUES (EXPENSES)	194,464	575,981	2,928	773,373
INCOME BEFORE CONTRIBUTIONS	515,674	852,771	78,335	1,446,780
Developer Contributions	404,803	498,653	90,279	993,735
CHANGE IN NET ASSETS	920,477	1,351,424	168,614	2,440,515
TOTAL NET ASSETS AT BEGINNING OF YEAR	4,944,281	5,182,572	1,217,150	11,344,003
TOTAL NET ASSETS AT END OF YEAR	\$ 5,864,758	\$ 6,533,996	\$ 1,385,764	\$ 13,784,518

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from Customers	\$ 971,852	\$ 955,510	\$ 356,441	\$ 2,283,803
Payments to Suppliers	(264,376)	(101,442)	(197,907)	(563,725)
Payments to Employees	(218,824)	(122,520)	(34,437)	(375,781)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>488,652</u>	<u>731,548</u>	<u>124,097</u>	<u>1,344,297</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Impact Fees	196,642	547,196	-	743,838
Acquisition of Capital Assets	(92,912)	(200,000)	(9,156)	(302,068)
Bond Payments	(24,351)	(571,000)	-	(595,351)
Note Payments	(27,000)	-	-	(27,000)
Interest Expense	(52,926)	(21,101)	-	(74,027)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(547)</u>	<u>(244,905)</u>	<u>(9,156)</u>	<u>(254,608)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest Income	26,569	49,502	-	76,071
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>26,569</u>	<u>49,502</u>	<u>-</u>	<u>76,071</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	514,674	536,145	114,941	1,165,760
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,182,121</u>	<u>2,034,934</u>	<u>403,405</u>	<u>4,620,460</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,696,795</u>	<u>\$ 2,571,079</u>	<u>\$ 518,346</u>	<u>\$ 5,786,220</u>

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Pressurized Irrigation</u>	<u>Total Enterprise Funds</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Operating Income	\$ 321,210	\$ 276,790	\$ 75,407	\$ 673,407
Adjustments				
Depreciation	195,326	450,334	22,554	668,214
Changes in Assets and Liabilities				
Accounts Receivable, Net	(49,857)	(2,393)	7,751	(44,499)
Accounts Payable	16,767	5,029	18,198	39,994
Compensated Absences	5,206	1,788	187	7,181
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 488,652</u>	<u>\$ 731,548</u>	<u>\$ 124,097</u>	<u>\$ 1,344,297</u>
 Noncash Financing and Investing Transactions				
Increase in Joint Venture Equity	\$ -	\$ -	\$ 2,928	\$ 2,928
Developer Contributions of Fixed Assets	\$ 404,803	\$ 498,653	\$ 90,279	\$ 993,735

See the accompanying notes to the financial statements

MAPLETON CITY, UTAH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Mapleton City, Utah (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of the City's accounting policies.

Financial Reporting Entity

Mapleton City was incorporated in 1855 under the laws of the State of Utah. The City is a municipal corporation governed by an elected five-member Council and Mayor. The City provides municipal services under the following organizational structure:

Mayor, City Council and City Administrator

Financial Services: Finance Director, Treasurer, Recorder and Clerks

Development Services: Planning and Zoning, and Code Enforcement

Public Safety: Police, Fire, Ambulance, EMS, and Animal Control

Public Works: Streets, Parks, Water, Sewer, Pressurized Irrigation,
Buildings and Grounds

Literacy Center: Director and Assistant

The joint venture with South Utah Valley Solid Waste District is included in the City's reporting entity because of the significance of their operational and financial relationship with the City. Complete financial statements of the joint venture, which issued separate financial statements, can be obtained from their administrative offices.

Government-wide and Fund Financial Statements

The government-wide financial statements (statement of net assets and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

NOTE 1 - (CONTINUED)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *capital projects* fund is used to account for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds).

The City reports the following major proprietary funds:

The *water fund* accounts for the activities of the City's water production, treatment and distribution operations.

The *sewer fund* accounts for the activities of the City's sewer treatment operations.

NOTE 1 - (CONTINUED)

Activities of these two funds include administration, operations and maintenance of the water and sewer as well as billing and collection. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for all water and sewer fund debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the general fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Fund Equity

A. Cash and cash equivalents

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The Fund operates in accordance with state laws and regulations. The reported value of the City's cash in the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less, when purchased, meet this definition.

B. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances".

NOTE 1 - (CONTINUED)

C. Inventories and prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These costs are recorded as an expenditure when used. Inventories are recorded at the lower cost or market on a weighted average basis, which approximates the first-in, first out method.

D. Restricted assets

Cash which is restricted to a particular use due to statutory, budgetary or bonding requirements is classified as "restricted cash" on the statement of net assets and on the balance sheets. Restricted cash would be spent first and then unrestricted resources would be used when the restricted funds are depleted.

E. Capital assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at the date of the gift, if donated.

Major additions are capitalized, while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

<u>Classification</u>	<u>Range of Lives</u>
Buildings and structures	20-40 years
Improvements and infrastructure	10-40 years
Machinery, equipment and vehicles	5-20 years

F. Compensated absences

Employees may carry over no more vacation time than they can accumulate in an 18 month period. Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. At retirement, death, or termination, all unpaid accrued vacation is paid to the beneficiary. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid or at termination. Accumulated sick leave is earned monthly. Sick pay amounts are charged to expenditures when incurred. No sick leave is paid at retirement or termination.

NOTE 1 - (CONTINUED)

G. Long-term liabilities

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are recorded net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the life of the related debt. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

H. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designations of unreserved fund balances are not required by law or accounting principles, but are further classifications of fund equity to identify funds which are earmarked by the City's management for specific purposes. These represent tentative management plans that are subject to change.

I. Net assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Inter-Fund Transactions

During the course of normal operations, the City has transactions between funds to subsidize operations in certain funds, to allocate administrative costs, to construct assets, to distribute grant proceeds, etc. . These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

Deferred Revenue

Property taxes due November 30, 2006 and unpaid from 2005 as well as special improvement district assessments are shown as deferred revenue.

NOTE 1 - (CONTINUED)

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital Asset Differences

When capital assets (land, buildings, improvements and equipment) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, those costs are reported as capital assets in the statement of net assets. The details of these differences are presented below:

Land	\$ 1,929,851
Construction in Progress	1,760
Buildings	2,773,655
Improvements and Infrastructure	13,746,452
Machinery, Equipment and Vehicles	1,061,880
Less Accumulated Depreciation	<u>(3,769,821)</u>
Net Capital Asset Difference	<u>\$ 15,743,777</u>

Other Long-Term Asset Differences

Property taxes due in November 2006 are reported as deferred revenues in the governmental fund balance sheet. However, they are reported as current year revenues in the statement of net assets. The details of these differences are presented below:

Property taxes collectible in November 2006	<u>\$ 780,196</u>
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NOTE 2 - (CONTINUED)

Long-Term Liability Differences

Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities (both current and long-term) are reported in the statement of net assets. The details of these differences are presented below:

Notes Payable	\$ (818,971)
Accrued Interest	(17,330)
Long-Term Compensated Absences	<u>(7,915)</u>
Total Long-Term Liability Difference	\$ <u>(844,216)</u>

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund financial statements include a reconciliation between changes in fund balances in the governmental funds and changes in net assets in the government-wide statement of activities. This difference primarily results from the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental fund financial statements.

Capital Outlay and Depreciation Differences

Capital outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

Developer Contributions	\$ 618,760
Capital Outlay	2,514,332
Depreciation Expense	<u>(718,192)</u>
Net Difference	\$ <u>2,414,900</u>

Long-Term Debt Issuance and Repayment Differences

When long-term debt is issued it is reported as an other financing source. Repayments are reported as expenditures in the statement of revenues, expenditures and changes in fund balance. Issuance of debt is reported as a long-term liability and repayments are reported as reductions of those liabilities in the statement of activities. The details of these differences are reported below:

Note Repayments	\$ <u>46,029</u>
-----------------	------------------

Other Revenue and Expense Differences

The changes in long-term compensated absences and in accrued interest payable are not reported in the statement of revenues, expenditures and changes in fund balance. Both changes are reported in the statement of activities. The details of these differences are reported below:

Change in Accrued Interest	\$ 10,414
Change in Long-Term Compensated Absences	<u>964</u>
Net Difference	\$ <u>11,378</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to the first regularly scheduled meeting of the City Council in May, the Mayor the City Administrator, and the Finance Director submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and proposed sources of revenues.

Between May 1 and June 22, the City Council reviews and adjusts the proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution, unless a property tax increase is proposed. If a property tax increase is proposed, a hearing must be held on or before August 17, which does not conflict with other taxing entities that have proposed a property tax increase. At this time the final balanced budget is adopted.

Under Utah State law, the City's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, including revisions, except as allowed by the code for certain events.

The Mayor, in conjunction with the appropriate department head, has the authority to transfer budget appropriations within and between any divisions of any budgetary fund. The City Council has the authority to transfer budget appropriations between individual budgetary funds by resolution.

A public hearing must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.

Annual budgets for the general fund, all debt service funds and capital projects funds were legally adopted by the City and are prepared on the modified-accrual method of accounting.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of comparisons of actual results to budgets for the general fund and any major special revenue funds.

Tax Revenues

Property taxes are collected by the County Treasurer and remitted to the City in two to three installments in November, December, and a final settlement in the first quarter of the calendar year. Taxes are levied and are due and payable on November 1st and are delinquent after November 30th of each year, at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes beyond that which was received within 60 days after the fiscal year end has not been made, as the amounts are not deemed to be material.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City. The fees are remitted on a monthly, quarterly, or annual basis. An accrual has been made for all fees due and payable to the City at June 30th.

NOTE 4 - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by several of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

Deposits and investments for City government are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7) (The Act) and by rules of the Utah Money Management Council (the Council). Following are discussions of the City's exposure to various risks related to its cash management activities.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$511,867 of the City's bank balances of \$611,867 were uninsured and uncollateralized.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The City government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subjected to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

NOTE 4 - (CONTINUED)

The following are the City's investments at June 30, 2006

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
State of Utah Public Treasurer's Investment Fund (PTIF)	\$ 7,959,574	\$ 7,959,574	\$ -	\$ -	\$ -
U.S. Treasuries	<u>1,694,353</u>	<u>225,444</u>	<u>95,447</u>	<u>-</u>	<u>1,373,462</u>
Total Investments	<u>\$ 9,653,927</u>	<u>\$ 8,185,018</u>	<u>\$ 95,447</u>	<u>\$ -</u>	<u>\$ 1,373,462</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted above.

The deposits and investments described above are included on the statement of net assets as per the following reconciliation:

Deposits	\$ 469,878
Investments	9,653,927
Cash on Hand	<u>200</u>
Total	<u>\$ 10,124,005</u>
Cash and Cash Equivalents	\$ 3,311,195
Restricted Cash and Cash Equivalents	<u>6,812,810</u>
Total	<u>\$ 10,124,005</u>

NOTE 5 - RECEIVABLES

Accounts receivable and the associated allowances for uncollectible accounts at June 30, 2006 are presented in the schedule below.

Property taxes are levied on January 1 of 2006, are due in November of 2006, and are budgeted for the 2006 fiscal year. Even though they are not intended to fund the 2006 fiscal year, they must be recognized as an asset because the City has an enforceable claim to the revenue. The property taxes that have been remitted to the City within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as deferred revenue.

NOTE 5 - (CONTINUED)

Franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable within the current period is considered susceptible to accrual as revenue of the current period. All other items are considered to be measurable and available only when cash is received by the City.

The following is a summary of receivables at June 30, 2006:

	Governmental Activities	Business-type Activities	Total
Accounts Receivable	\$ -	\$ 233,009	\$ 233,009
Property Taxes Receivable	798,320	-	798,320
Special Assessments Receivable	27,713	-	27,713
Class C Road Receivable	53,009	-	53,009
Sales Tax Receivable	50,548	-	50,548
Franchise Tax Receivable	<u>20,625</u>	<u>-</u>	<u>20,625</u>
Total	<u>\$ 950,215</u>	<u>\$ 233,009</u>	<u>\$ 1,183,224</u>

NOTE 6 - CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2006:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being Depreciated				
Land	\$ 1,909,217	\$ 20,634	\$ -	\$ 1,929,851
Construction in Progress	578,193	1,760	578,193	1,760
Capital Assets being Depreciated				
Buildings	408,815	2,364,840	-	2,773,655
Improvements and Infrastructure	12,636,038	1,110,414	-	13,746,452
Machinery, Equipment and Vehicles	<u>848,243</u>	<u>213,637</u>	<u>-</u>	<u>1,061,880</u>
Total	16,380,506	3,711,285	578,193	19,513,598
Less Accumulated Depreciation	<u>(3,051,629)</u>	<u>(718,192)</u>	<u>-</u>	<u>(3,769,821)</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,328,877</u>	<u>\$ 2,993,093</u>	<u>\$ 578,193</u>	<u>\$ 15,743,777</u>

NOTE 6 - (CONTINUED)

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2006:

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 124,381	\$ -	\$ -	\$ 124,381
Water Shares	31,680	-	-	31,680
Construction in Progress	68,820	-	68,820	-
Capital Assets being Depreciated				
Buildings	4,553	-	-	4,553
Improvements and Infrastructure	18,473,183	1,323,439	-	19,796,622
Machinery, Equipment and Vehicles	<u>756,329</u>	<u>41,183</u>	<u>-</u>	<u>797,512</u>
Total	19,458,946	1,364,622	68,820	20,754,748
Less Accumulated Depreciation	<u>(5,155,081)</u>	<u>(668,213)</u>	<u>-</u>	<u>(5,823,294)</u>
Business-type Activities Capital Assets, Net	<u>\$ 14,303,865</u>	<u>\$ 696,409</u>	<u>\$ 68,820</u>	<u>\$ 14,931,454</u>

Depreciation was charged to the functions/programs of the primary government as follows:

Government Activities	
General Government	\$ 25,087
Public Safety	42,907
Streets	625,365
Parks and Recreation	<u>24,833</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 718,192</u>
Business-type Activities	
Water	\$ 195,326
Sewer	450,334
Pressurized Irrigation	<u>22,554</u>
Total Depreciation Expense-Business-type Activities	<u>\$ 668,214</u>

NOTE 7 - INVESTMENT IN JOINT VENTURES

South Utah Valley Solid Waste District

The City is party to a joint venture with five other municipalities in the South Utah Valley Solid Waste District (the District). The District was created for the purpose of building a landfill and transfer station and operating the same for the benefit of member municipalities. The majority of the District's solid waste revenue comes from these governmental entities. Additional information is as follows:

a. Participants and their percentage shares:

Mapleton City	2.00%
Provo City	69.75%
Springville City	15.00%
Spanish Fork City	11.75%
Salem City	1.50%
Goshen Town	0.00%
	<u>100.00%</u>

b. The District is governed by a board of directors, which is comprised of six members. The mayor and city council of each member city appoints one director. All decisions of the board are by majority vote, except in the case of a tie. In a tie, the votes would be taken by tonnage. For Provo City to prevail in a tie vote, they would need one additional city to vote with them.

c. The District's Board of directors governs the operations of the District through management employed by the board. The district is subject to the same laws as the creating entities, therefore, it must follow Utah State laws for cities in the areas of fiscal management, budgeting and financing.

d. Summary financial information as of the joint venture's last fiscal year end, June 30, 2005 is as follows:

	<u>South Utah Valley Solid Waste District</u>	<u>Mapleton City's Share</u>
Total Assets	\$ 16,642,235	\$ 332,845
Total Liabilities	<u>(2,981,242)</u>	<u>(59,625)</u>
Net Assets	<u>\$ 13,660,993</u>	<u>\$ 273,220</u>
Operating Revenues	\$ 3,845,261	\$ 76,905
Operating Expenditures	<u>(3,858,288)</u>	<u>(77,165)</u>
Net Operating Income (Loss)	(13,027)	(260)
Total Non-Operating Income	<u>159,402</u>	<u>3,188</u>
Net Income (Loss)	<u>\$ 146,375</u>	<u>\$ 2,928</u>

NOTE 7 - (CONTINUED)

- e. The Joint Venture has the following long-term debt:

	<u>South Utah Valley Solid Waste District</u>	<u>Mapleton City's Share</u>
Closure and Postclosure Liability	\$ 2,691,748	\$ 53,835
Accrued Compensated Absences	<u>157,219</u>	<u>3,144</u>
Total Long-Term Liabilities	\$ <u>2,848,967</u>	\$ <u>56,979</u>

- f. Audited financial statement for the South Utah Valley Solid Waste District are available at the District offices, 2450 West 400 South Springville, Utah.

NOTE 8 - DEFERRED INCOME

Deferred Income consists of \$27,713 of Special Improvement District receivables.

NOTE 9 - DEVELOPER COMPLETION BONDS PAYABLE

The City collects deposits from those wishing to develop land for subdivisions within the City. These amounts are deposited into the City's bank account. The original deposit and any interest earned on the account is returned to the developer after the related project is completed. At June 30, 2006, Mapleton City held deposits from developers, including interest, in the following categories and amounts:

Construction Commitments	\$ 70,026
Construction Bonds	343,411
Subdivision Performance Bonds	<u>65,316</u>
Total Developer Completion Bonds	\$ <u>478,753</u>

NOTE 10 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City at June 30, 2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Note Payable					
2003 Land Purchase	\$ -	\$ 15,000	\$ (5,000)	\$ 10,000	\$ 5,000
2005 Community Center Loan	865,000	-	(56,029)	808,971	76,024
Compensated Absences	<u>39,924</u>	<u>6,831</u>	<u>(2,683)</u>	<u>44,072</u>	<u>36,157</u>
	\$ <u>904,924</u>	\$ <u>21,831</u>	\$ <u>(63,712)</u>	\$ <u>863,043</u>	\$ <u>117,181</u>

NOTE 10 - (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Business-type Activities</u>					
General Obligation Bonds					
1988 Water	\$ 128,504	\$ -	\$ (24,351)	\$ 104,153	\$ 28,927
Refunding Bonds					
1997 Sewer	1,972,000	-	(171,000)	1,801,000	171,000
Revenue Bonds					
1995 Sewer	4,193,080	-	(354,000)	3,839,080	354,000
2004 Sewer	1,055,000	-	(46,000)	1,009,000	47,000
Notes Payable					
1982 GMAC Water	586,338	-	(27,000)	559,338	27,674
Compensated Absences	<u>8,660</u>	<u>7,181</u>	<u>-</u>	<u>15,841</u>	<u>15,841</u>
	<u>\$ 7,943,582</u>	<u>\$ 7,181</u>	<u>\$ (622,351)</u>	<u>\$ 7,328,412</u>	<u>\$ 644,442</u>

Long-term debt and obligations payable at June 30, 2006 were as follows:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
<u>Governmental Activities</u>				
Notes Payable				
Community Center Loan (original amount-- \$865,000)	6.00%	2021	\$ 76,024	\$ 732,947
Land Purchase	Varies	2008	5,000	5,000
Compensated Absences			<u>36,157</u>	<u>7,915</u>
Total Governmental Activities Long-term Debt			<u>\$ 117,181</u>	<u>\$ 745,862</u>

<u>Business-type Activities</u>				
Bonds Payable				
Water General Obligation Bonds, Series 1988 (original amount-- \$149,000)	0.00%	2009	\$ 28,927	\$ 75,226
Sewer Revenue Bonds, Series 1995 (original amount--\$6,330,000)	0.00%	2017	354,000	3,485,080
Sewer Refunding Bonds, Series 1997 (original amount--\$3,070,000)	0.00%	2017	171,000	1,630,000
Sewer Revenue Bonds, Series 2004 (original amount--\$1,100,000)	2.00%	2004	47,000	962,000
Notes Payable				
GMAC Water Loan, Dated 1982 (original amount--\$950,000)	5.00%	2021	27,674	531,664
Compensated Absences			<u>15,841</u>	<u>-</u>
Total Business-type Activities Long-term Debt			<u>\$ 644,442</u>	<u>\$ 6,683,970</u>

NOTE 10 - (CONTINUED)

Principal and interest requirements to retire the City's long-term obligations are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Government-Wide</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 81,024	\$ 31,724	\$ 628,601	\$ 67,856	\$ 709,625	\$ 99,580
2008	84,167	28,331	636,428	60,089	720,595	88,420
2009	82,440	24,809	645,368	51,183	727,808	75,992
2010	85,847	21,401	607,037	41,015	692,884	62,416
2011	89,396	17,852	609,639	38,413	699,035	56,265
2012-2016	396,097	32,896	3,094,169	149,391	3,490,266	182,287
2017-2021	-	-	897,329	67,269	897,329	67,269
2022-2025	-	-	194,000	7,780	194,000	7,780
	<u>\$ 818,971</u>	<u>\$ 157,013</u>	<u>\$ 7,312,571</u>	<u>\$ 482,996</u>	<u>\$ 8,131,542</u>	<u>\$ 640,009</u>

NOTE 11 - RETIREMENT PLANS

Plan Description

Mapleton City contributes to the Local Governmental Noncontributory Retirement System and Public Safety Retirement System cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the systems and plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy

Mapleton City is required to contribute a percent of covered salaries to the respective systems, 11.09% to the Noncontributory and 19.34% to the Public Safety Noncontributory. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions to the various systems for the years ending June 30, 2006, 2005, and 2004 respectively were; for the Noncontributory System, \$84,870, \$73,227 and \$57,620; for the Public Safety Noncontributory, \$48,972, \$39,255 and \$34,669 respectively. The contributions were equal to the required contributions for each year.

NOTE 12 - DEFERRED COMPENSATION PLANS

The City sponsors a defined contribution deferred compensation plan administered by the Utah Retirement Systems under the Internal Revenue Code Section 401(k) for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to certain full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City participates at rates between 0% and 3.35% depending on the employees' contributions. The rate of City participation can be changed by the City Council. During the years ended June 30, 2006, 2005, and 2004 contributions totaling \$23,054, \$25,417 and \$21,930 respectively, were made to the plan by employees and \$0, \$3,384 and \$7,413, respectively, were made by the City.

NOTE 13 - RISK MANAGEMENT

Mapleton City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other governments in the State of Utah to form the Utah Local Governments Trust (ULGT), a public entity risk pool currently operating as a common risk management and insurance program for Utah State governments. The City pays an annual premium to ULGT for its general insurance coverage.

The City also carries comprehensive general liability insurance coverage through a commercial insurance company. Settled claims from this risk type have not exceeded coverage in any of the past three fiscal years.

NOTE 14 - OPERATING TRANSFER RECONCILIATION

The operating transfers among the funds were as follows:

	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 500,000
Capital Projects Fund	<u>500,000</u>	<u>-</u>
	\$ <u>500,000</u>	\$ <u>500,000</u>

SUPPLEMENTARY INFORMATION

MAPLETON CITY

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2006

	<u>Solid Waste</u>	<u>Pressurized Irrigation</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 182,854	\$ 335,492	518,346
Accounts Receivable, Net of Allowance for Uncollectibles	<u>22,616</u>	<u>591</u>	<u>23,207</u>
TOTAL CURRENT ASSETS	<u>205,470</u>	<u>336,083</u>	<u>541,553</u>
NONCURRENT ASSETS			
Capital Assets			
Improvements	-	655,913	655,913
Less Accumulated Depreciation	-	(65,967)	(65,967)
Other Assets			
Investment in Joint Venture	<u>273,220</u>	<u>-</u>	<u>273,220</u>
TOTAL NONCURRENT ASSETS	<u>273,220</u>	<u>589,946</u>	<u>863,166</u>
TOTAL ASSETS	<u>478,690</u>	<u>926,029</u>	<u>1,404,719</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	18,198	-	18,198
Compensated Absences	<u>757</u>	<u>-</u>	<u>757</u>
TOTAL CURRENT LIABILITIES	<u>18,955</u>	<u>-</u>	<u>18,955</u>
TOTAL LIABILITIES	<u>18,955</u>	<u>-</u>	<u>18,955</u>
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	-	589,946	589,946
Unrestricted	<u>459,735</u>	<u>336,083</u>	<u>795,818</u>
TOTAL NET ASSETS	<u>\$ 459,735</u>	<u>\$ 926,029</u>	<u>\$ 1,385,764</u>

MAPLETON CITY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2006

	Solid Waste	Pressurized Irrigation	Total Nonmajor Enterprise Funds
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 248,915	\$ 92,554	\$ 341,469
Connection Fees	-	7,221	7,221
TOTAL OPERATING REVENUES	248,915	99,775	348,690
<u>OPERATING EXPENSES</u>			
Salaries and Benefits	34,624	-	34,624
Operation and Maintenance	216,105	-	216,105
Depreciation	-	22,554	22,554
TOTAL OPERATING EXPENSES	250,729	22,554	273,283
OPERATING INCOME (LOSS)	(1,814)	77,221	75,407
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Increase in Joint Venture	2,928	-	2,928
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,928	-	2,928
INCOME BEFORE CONTRIBUTIONS	1,114	77,221	78,335
Developer Contributions	-	90,279	90,279
CHANGE IN NET ASSETS	1,114	167,500	168,614
TOTAL NET ASSETS AT BEGINNING OF YEAR	458,621	758,529	1,217,150
TOTAL NET ASSETS AT END OF YEAR	\$ 459,735	\$ 926,029	\$ 1,385,764

MAPLETON CITY

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2006

	Solid Waste	Pressurized Irrigation	Total Nonmajor Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers	\$ 248,075	\$ 108,366	\$ 356,441
Payments to Suppliers	(197,907)	-	(197,907)
Payments to Employees	(34,437)	-	(34,437)
NET CASH FLOWS FROM OPERATING ACTIVITIES	15,731	108,366	124,097
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition of Capital Assets	-	(9,156)	(9,156)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-	(9,156)	(9,156)
NET CHANGE IN CASH AND CASH EQUIVALENTS	15,731	99,210	114,941
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	167,123	236,282	403,405
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 182,854	\$ 335,492	\$ 518,346
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Operating Income (Loss)	\$ (1,814)	\$ 77,221	\$ 75,407
Adjustments			
Depreciation	-	22,554	22,554
Changes in Assets and Liabilities			
Accounts Receivable, Net	(840)	8,591	7,751
Accounts Payable	18,198	-	18,198
Compensated Absences	187	-	187
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 15,731	\$ 108,366	\$ 124,097
Noncash Financing and Investing Transactions			
Increase in Joint Venture Equity	\$ 2,928	\$ -	\$ 2,928
Developer Contributions of Fixed Assets	\$ -	\$ 90,279	\$ 90,279

MAPLETON CITY

SCHEDULE OF IMPACT FEES FOR THE YEAR ENDED JUNE 30, 2006

Mapleton City collects public safety, parks and recreation, water and sewer impact fees.
The following is a recap of the impact fees outstanding by year of collection:

<u>Year Collected</u>	<u>Public Safety</u>	<u>Parks and Recreation</u>	<u>Water</u>	<u>Sewer</u>
2005	\$ 111,337	\$ 168,745	\$ 99,168	\$ 468,611
2006	<u>229,814</u>	<u>910,399</u>	<u>196,643</u>	<u>547,195</u>
Total	\$ <u>341,151</u>	\$ <u>1,079,144</u>	\$ <u>295,811</u>	\$ <u>1,015,806</u>

The following capital projects are planned to use the impact fees shown above:

<u>Capital Project Planned</u>	<u>Projected Cost</u>	<u>Anticipated Starting Date</u>	<u>Type of Impact Fee</u>
Public Safety Building	\$850,000	Fall 2008	Public Safety
Tennis Courts	\$261,000	Fall 2006	Parks and Recreation
Memorial Hall Roof	\$70,000	Spring 2007	Parks and Recreation
Storm Drain Plan	\$100,000	Fall 2006	Water
New Well	\$1,000,000	Fall 2006	Water
Purchase a Portion of the Spanish Fork Sewer System	\$850,000	Fall 2006	Sewer

STATE LEGAL COMPLIANCE REPORT

**GREG OGDEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801)489-8408**

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

August 22, 2006

**The Honorable Mayor
Members of the City Council
Mapleton City, Utah**

Council Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of Mapleton City, Utah, for the year ended June 30, 2006 and have issued my report thereon dated August 22, 2006. As part of my audit, I have audited Mapleton City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major State assistance programs from the State of Utah:

**"C" Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)**

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the City's financial statements.)

**Law Enforcement Grant
Ambulance Grant
Police Dispatch Grant**

**Shade Tree Grant
Fire Department Grant
Museum Grant**

My audit also included testwork on the City's compliance with the following general compliance requirements identified in the State of Utah Compliance Audit Guide, including:

**Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property
Tax Limitations
Class C Road Funds**

**Special Districts
Other General Issues
Uniform Building Code Standards
Liquor Law Enforcement
Justice Court
Impact Fees
Asset Forfeiture**

The management of Mapleton City is responsible for the City's compliance with all compliance requirements identified above. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed an immaterial instance of noncompliance with the requirements referred to above which is described in the accompanying management letter. I considered this instance of noncompliance in forming my opinion on compliance, which is expressed in the following paragraph.

In my opinion, Mapleton City, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

 CPA
Greg Ogden,
Certified Public Accountant

GOVERNMENT AUDITING STANDARDS REPORT

GREG OGDEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801)489-8408

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

August 22, 2006

Honorable Mayor
Members of the City Council
Mapleton City, Utah

Council Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mapleton City, Utah, (City) as of and for the year ended June 30, 2006, which collectively comprise the basic financial statements and have issued my report thereon dated August 22, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Mapleton City, Utah's control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mapleton City, Utah's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the audit committee, the City's management, others within the organization, and the City Council and is not intended to be and should not be used by anyone other than these specified parties.

 CPA
Greg Ogden
Certified Public Accountant

MAPLETON CITY, UTAH

MANAGEMENT LETTER
JUNE 30, 2006

**GREG OGDEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801)489-8408**

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

August 22, 2006

**Honorable Mayor
Members of the City Council
Mapleton City, Utah**

Council Members:

The primary purpose of my audit of the basic financial statements of Mapleton City, Utah for the year ended June 30, 2006, was to enable me to form an opinion as to the financial position of the City at that date and the results of its operations for the year then ended. Part of my continuing professional responsibility to my clients is to offer constructive suggestions relative to the City's internal control structure and other matters that come to my attention during my audit of your financial statements. Your internal control structure is extremely important because it is the principal safeguard against irregularities which an audit may not disclose.

Enclosed for your information and consideration are my comments and suggestions relating to internal accounting controls and other general matters which came to my attention during my audit of the financial statements. I have not performed any auditing procedures beyond the date of my opinion on the financial statements; accordingly, this letter is based on my knowledge as of that date and should be read with that understanding.

In those instances where the need for improvement of internal accounting controls may be indicated, I have satisfied myself by extension of audit tests and review that the indicated weaknesses have not had a significant effect upon the financial statements for the year ended June 30, 2006. Since the purpose of my audit was not to make an intensive study of the matters commented upon, additional investigation may be required before acting on my suggestions.

My suggestions deal exclusively with operational, accounting, and recordkeeping systems and procedures, and should not be regarded as a reflection on the integrity or capabilities of anyone in your organization.

I appreciate the cooperation and assistance I have received from the City's personnel in connection with my audit and in developing these recommendations.

This report is intended solely for the use of the management of Mapleton City. However, this report is a matter of public record and its distribution is not limited.

I would be pleased to discuss any of these matters with you and your representatives at your convenience and, if desired, to assist you in implementing any of these suggestions.


Greg Ogden,
Certified Public Accountant

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE COMPLIANCE FINDINGS

FINDING - GOVERNMENT RECORDS ACCESS AND MANAGEMENT ACT REQUIREMENTS

The General Records Retention Schedules (Schedules) list the length of time a city is required to keep various records to comply with the requirements of the Government Records Access and Management Act (GRAMA). The Schedules recommend that daily deposit records be maintained for three years. Mapleton City has been destroying these records after six months.

RECOMMENDATION

I recommend that the daily deposit records be maintained for three years. I also recommend that all questions regarding GRAMA compliance be directed to the city's recorder who has oversight responsibility.

RESPONSE - MAPLETON CITY

Daily deposit and all other City records will be retained for the prescribed length of time pending prior clearance by the City Recorder.